

**Township of Williamstown
Ingham County, Michigan**

FINANCIAL STATEMENTS

March 31, 2004

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

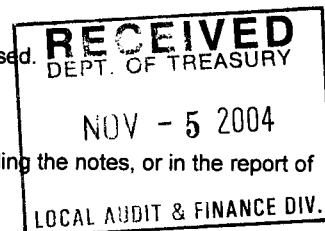
Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Township of Williamstown	County Ingham
Audit Date 3/31/04	Opinion Date 9/16/04	Date Accountant Report Submitted to State: 11/3/04	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations



You must check the applicable box for each item below.

- | | |
|---|---|
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) Abraham & Gaffney, P.C.			
Street Address 108 N. Spring St.	City St. Johns	State MI	ZIP 48879
Accountant Signature <i>Abraham & Gaffney, P.C.</i>		Date 11/3/04	

Township of Williamstown

Ingham County, Michigan

March 31, 2004

BOARD OF TRUSTEES

Mickey Martin

Supervisor

Susan Hiner

Clerk

Nancy Fink

Treasurer

Martin Wright

Trustee

Steven Zaban

Trustee

Township of Williamstown

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ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

Member:
American Institute of Certified
Public Accountants
and
Michigan Association of
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Members of the Township Board
Township of Williamstown
Williamston, Michigan

We have audited the accompanying general purpose financial statements of the Township of Williamstown, Michigan as of and for the year ended March 31, 2004, as listed in the Table of Contents. These general purpose financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the general purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Township of Williamstown, Michigan as of March 31, 2004, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining, individual fund, and account group financial statements listed in the Table of Contents under Supplemental Financial Information are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the Township of Williamstown, Michigan. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

Abraham & Gaffney, P.C.

ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

September 16, 2004

GENERAL PURPOSE FINANCIAL STATEMENTS

Township of Williamstown

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS

March 31, 2004

	Governmental Fund Types	
	General	Special Revenue (Cemetery)
ASSETS		
Cash and cash equivalents	\$ 966,638	\$ 143,150
Investments	-	5,770
Receivables		
Accounts	17,152	1,994
Accrued interest	121	-
Taxes	8,005	-
Tap-in fees	26,330	-
Due from other funds	167,523	-
Due from other governmental units		
Local	7,905	-
Fixed assets	-	-
Amount to be provided for retirement of general long-term debt	-	-
TOTAL ASSETS	\$ 1,193,674	\$ 150,914
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable	\$ 20,163	\$ 840
Salaries and withholding payable	26,696	2,726
Due to other funds	-	-
Due to other governmental units	205	-
Due to individuals and others	-	-
Deferred revenue	26,330	-
Long-term debt payable	-	-
TOTAL LIABILITIES	73,394	3,566
FUND BALANCE		
Investment in general fixed assets	-	-
Fund Balance		
Unreserved		
Designated for subsequent year's expenditures	55,594	17,970
Designated for pool commitment	40,000	-
Undesignated	1,024,686	129,378
TOTAL FUND BALANCE	1,120,280	147,348
TOTAL LIABILITIES AND FUND BALANCE	\$ 1,193,674	\$ 150,914

See accompanying notes to general purpose financial statements.

Capital Project (Public Improvement)	Fiduciary Fund Types		Account Groups	
	Agency		General Fixed Assets	General Long-term Debt
\$ -	\$ 168,006	\$ -	\$ -	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	1,359,357	-	-
-	-	-	-	30,606
<u>\$ -0-</u>	<u>\$ 168,006</u>	<u>\$ 1,359,357</u>	<u>\$ 30,606</u>	
\$ -	\$ -	\$ -	\$ -	-
-	-	-	-	-
-	167,523	-	-	-
-	-	-	-	-
-	483	-	-	-
-	-	-	-	-
-	-	-	-	30,606
-0-	168,006	-0-	30,606	
-	-	1,359,357	-	
-	-	-	-	-
-	-	-	-	-
-0-	-0-	1,359,357	-0-	
<u>\$ -0-</u>	<u>\$ 168,006</u>	<u>\$ 1,359,357</u>	<u>\$ 30,606</u>	

Township of Williamstown

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES

Year Ended March 31, 2004

	General	Special Revenue (Cemetery)	Capital Project (Public Improvement)
REVENUES			
Taxes	\$ 169,430	\$ -	\$ -
Licenses and permits	67,659	-	-
Intergovernmental	333,903	13,000	-
Charges for services	19,742	25,287	-
Interest and rents	19,004	19,231	412
Special assessments	207	-	-
Other	4,376	400	-
TOTAL REVENUES	614,321	57,918	412
EXPENDITURES			
General government	780,927	57,257	-
Public safety	31,649	-	-
Public works	26,198	-	-
Community and economic development	59,153	-	-
Recreation and cultural	38,728	-	-
Other	14,996	-	-
TOTAL EXPENDITURES	951,651	57,257	-0-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(337,330)	661	412
OTHER FINANCING SOURCES (USES)			
Operating transfers in	97,375	27,000	-
Operating transfers out	(27,000)	-	(97,375)
TOTAL OTHER FINANCING SOURCES (USES)	70,375	27,000	(97,375)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(266,955)	27,661	(96,963)
Fund balances, beginning of year	1,387,235	119,687	96,963
Fund balances, end of year	\$ 1,120,280	\$ 147,348	\$ -0-

See accompanying notes to general purpose financial statements.

Township of Williamstown

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - GENERAL AND SPECIAL REVENUE FUND TYPES

Year Ended March 31, 2004

	General Fund		
	Amended Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Taxes	\$ 157,700	\$ 169,430	\$ 11,730
Licenses and permits	60,000	67,659	7,659
Intergovernmental	360,570	333,903	(26,667)
Charges for services	23,500	19,742	(3,758)
Interest and rents	23,000	19,004	(3,996)
Special assessments	5,506	207	(5,299)
Other	4,000	4,376	376
TOTAL REVENUES	634,276	614,321	(19,955)
EXPENDITURES			
General government	863,904	780,927	82,977
Public safety	33,200	31,649	1,551
Public works	52,800	26,198	26,602
Community and economic development	63,150	59,153	3,997
Recreation and cultural	43,000	38,728	4,272
Other	33,100	14,996	18,104
TOTAL EXPENDITURES	1,089,154	951,651	137,503
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(454,878)	(337,330)	117,548
OTHER FINANCING SOURCES (USES)			
Operating transfers in	-	97,375	97,375
Operating transfers out	(24,000)	(27,000)	(3,000)
TOTAL OTHER FINANCING SOURCES (USES)	(24,000)	70,375	94,375
EXCESS OF REVENUES OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(478,878)	(266,955)	211,923
Fund balances, beginning of year	1,387,235	1,387,235	-0-
Fund balances, end of year	\$ 908,357	\$ 1,120,280	\$ 211,923

See accompanying notes to general purpose financial statements.

Special Revenue Fund (Cemetery)

Amended Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -0-
-	-	-0-
36,000	13,000	(23,000)
30,000	25,287	(4,713)
2,000	19,231	17,231
-	-	-0-
-	400	400
68,000	57,918	(10,082)
60,120	57,257	2,863
-	-	-0-
-	-	-0-
-	-	-0-
-	-	-0-
-	-	-0-
60,120	57,257	2,863
7,880	661	(7,219)
-	27,000	27,000
-	-	-0-
-0-	27,000	27,000
7,880	27,661	19,781
119,687	119,687	-0-
<u>\$ 127,567</u>	<u>\$ 147,348</u>	<u>\$ 19,781</u>

Township of Williamstown

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

March 31, 2004

NOTE A: DESCRIPTION OF TOWNSHIP OPERATIONS, FUND TYPES, AND ACCOUNT GROUP

Williamstown Township, Michigan was organized as a Township in 1937 under provisions of the constitution and general law of the State of Michigan. The Township is one of sixteen (16) townships in Ingham County. The Township operates under an elected Township Board that consists of a Supervisor, Clerk, Treasurer, and two Trustees, and provides services to its residents in many areas including sewer, roads, and planning.

1. Reporting Entity

As required by accounting principles generally accepted in the United States of America; GASB Statement No. 14, The Financial Reporting Entity; and Statement on Michigan Governmental Accounting and Auditing No. 5, these financial statements present the financial activities of Williamstown Township.

Based upon the application of these criteria, the combined financial statements of the Township of Williamstown contain all the funds and account groups controlled by the Township Board.

2. Jointly Governed Organizations

The Township participates in the following activity, which is considered to be a jointly governed organization in relation to the Township due to there being no ongoing financial interest or responsibility.

Northeast Ingham Emergency Service Authority (NIESA) - The Township of Williamstown, in conjunction with the City of Williamston, Locke Township, Wheatfield Township, Leroy Township, and the Village of Webberville, entered into an agreement effective January 1, 1999 to create the NIESA to provide fire and emergency services to the constituent municipalities. The Williamston Community Fire and Ambulance Board ceased operations on December 31, 1998.

The Township has one (1) representative on the seven (7) member board. The Township and each constituent municipality levy one (1) mill of tax to support the operations of NIESA. The Township has no other financial responsibility.

3. Basis of Presentation

The accounts of the Township are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds and account group reported in the financial statements are categorized and described as follows:

GOVERNMENTAL FUNDS

- a. General Fund - The General Fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. Special Revenue Fund (Cemetery) - The Special Revenue Fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes (i.e., cemetery expenditures).
- c. Capital Projects Fund (Public Improvement) - The Capital Projects Fund is used to account for the financial resources to be used for the acquisition or construction of major Capital Projects (other than those financed by Proprietary Funds).

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

March 31, 2004

NOTE A: DESCRIPTION OF TOWNSHIP OPERATIONS, FUND TYPES, AND ACCOUNT GROUP - CONTINUED

3. Basis of Presentation - Continued

FIDUCIARY FUNDS

- a. Agency Funds (Trust and Agency, Current Tax Collections) - The Agency Funds are used to account for assets held by the Township as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

ACCOUNT GROUPS

- a. General Fixed Assets Account Group - The General Fixed Assets Account Group is used to maintain control and cost information for all fixed assets.
- b. General Long-Term Debt Account Group - The General Long-Term Debt Account Group is used to record the outstanding long-term obligations not otherwise recorded in the Proprietary Funds.

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Township conform to accounting principles generally accepted in the United States of America, as applicable to Townships. The following is a summary of the more significant accounting policies:

1. Measurement Focus

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the Balance Sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

There is no measurement focus for agency funds since assets equal liabilities.

2. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental and agency funds are accounted for using the modified accrual basis of accounting. Under this method, their revenues are recognized when they become susceptible to accrual (when they become both "measurable" and "available to finance expenditures of the current period"). Revenues, which are considered measurable, but not available, are recorded as a receivable and deferred revenue. Revenues are generally considered available when they are received in cash (unless legally restricted to some future period) or when earned and expected to be collected soon enough after year-end to pay liabilities of the current period. Significant revenues susceptible to accrual include certain intergovernmental revenues and charges for services. Most State intergovernmental revenues (i.e., sales taxes), licenses and permits, fines and forfeits, and miscellaneous revenue sources generally are recorded as revenues when received in cash because they are not measurable until actually received.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. The major exception to this general rule is principal and interest on general long-term debt which is recognized when due.

Township of Williamstown

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

March 31, 2004

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

3. Budgets and Budgetary Accounting

The General Fund and Special Revenue budgets shown in the financial statements were prepared on a basis not substantially different than the basis used to reflect actual results.

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. Prior to April 1, the budget is legally adopted on a departmental (activity) level through passage of a Board resolution. After the budget is adopted, all transfers of budgeted amounts between activities within a fund or any revisions that alter the total expenditures of a fund or activity must be approved by the Township Board.
- b. Formal budgetary integration is employed as a management control device during the year for the General Fund.
- c. The Township does not employ encumbrance accounting as an extension of formal budgetary integration in the governmental funds. Appropriations unused at March 31 are not carried forward to the following fiscal year.
- d. Budgeted amounts are reported as originally adopted or amended by the Township Board during the year. Individual amendments were not material to original appropriations that are adopted.

4. Cash, Cash Equivalents, and Investments

Cash and cash equivalents consist of checking, savings, and money market mutual fund accounts. Cash in excess of current requirements is invested in certificates of deposit and disclosed as part of the Township's investments. The certificates of deposit are classified as investments due to having an original maturity of over 90 days.

5. Property Tax

The Township of Williamstown bills and collects both its own property tax levy and the tax levy for other governmental units. The Township's property tax revenue recognition policy and related tax calendar disclosures are as follows:

The property taxes attach as an enforceable lien on property as of December 31. Taxes are levied December 1 and are payable through February 14. All property taxes not paid by February 14 are deemed delinquent. Delinquent real property taxes are turned over to the Ingham County Treasurer on March 1. The Ingham County Treasurer remits payment to all taxing units on all delinquent real property taxes. Delinquent personal property taxes are retained by the Township for subsequent collection. Property taxes are recognized as revenues in the period for which they are levied.

The Township is permitted to levy up to \$1 to \$1,000 of assessed valuation for general governmental service and additional amounts for debt service. For the year ended March 31, 2004, the Township levied .8678 mills for general governmental services. The total taxable value for the 2003 levy for property within the Township was \$189,211,539.

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

March 31, 2004

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

6. Fixed Assets and Long-Term Liabilities

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets (expendable available financial resources) and current liabilities (those expected to be liquidated with expendable financial resources) are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources".

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group rather than in governmental funds. The general fixed assets are recorded as expenditures at the time of purchase in the governmental fund types. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings including roads, bridges, streets and sidewalks, and drainage systems are not capitalized along with other general fixed assets. No depreciation has been provided on general fixed assets.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair market value on the date donated.

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group, not in the governmental funds.

7. Comparative Data

Comparative data has been presented as supplementary information in the accompanying financial statements in order to provide an understanding of changes in the Funds' financial position and operations.

NOTE C: CASH, CASH EQUIVALENTS, AND INVESTMENTS

In accordance with Michigan Compiled Laws, the Township is authorized to invest in the following investment vehicles:

1. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
2. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a State or nationally chartered bank or a State or Federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and which maintains a principal office or branch office located in this State under the laws of this State or the United States, but only if the bank, savings and loan association, savings bank, or credit union is eligible to be a depository of surplus funds belonging to the State under Section 5 or 6 of Act No. 105 of the Public Acts of 1855, as amended, being section 21.145 and 21.156 of the Michigan Compiled Laws.
3. Commercial paper rated at the time of purchase within the three (3) highest classifications established by not less than two (2) standard rating services and which matures not more than 270 days after the date of purchase.
4. The United States government or federal agency obligations repurchase agreements.
5. Bankers' acceptances of United States banks.
6. Mutual funds composed of investment vehicles, which are legal for direct investment by local units of government in Michigan.

Township of Williamstown

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

March 31, 2004

NOTE C: CASH, CASH EQUIVALENTS, AND INVESTMENTS - CONTINUED

Federal Deposit Insurance Corporation (FDIC) regulations provide that deposits of governmental units are to be separately insured for the amount of \$100,000 for deposits in an insured bank for savings deposits and \$100,000 for demand deposits. Furthermore, if specific deposits are regulated by statute or bond indenture, these specific deposits are to be separately insured for the amount of \$100,000. Michigan Compiled Laws allow for collateralization of government deposits, if the assets for pledging are acceptable to the State Treasurer under Section 3 of 1855 PA 105, MCL 21.143, to secure deposits of State surplus funds, securities issued by the Federal Loan Mortgage Corporation, Federal National Mortgage Association, or Government National Mortgage Association.

Deposits

As of March 31, 2004, the carrying amounts and the bank balances for each type of bank account are as follows:

<u>Account Type</u>	<u>Carrying Amount</u>	<u>Bank Balance</u>
Regular checking	\$ 502,911	\$ 512,022
Savings and certificates of deposit	<u>325,855</u>	<u>325,855</u>
	<u>\$ 828,766</u>	<u>\$ 837,877</u>

Deposits of the Township are at federally insured banks located in the State of Michigan with all accounts maintained in the name of the Township. As of March 31, 2004, the Township accounts were insured by the FDIC for \$659,420 and the amount of \$178,467 was uninsured and uncollateralized.

Due to significantly higher cash flow at certain periods during the year, the amount the Township held as cash and cash equivalents increased significantly. As a result, the amount of uninsured and uncollateralized cash and cash equivalents were substantially higher at these peak periods than at year-end.

Investments

As of March 31, 2004, the carrying amounts and market values for the investments are as follows:

<u>Investment Type</u>	<u>Carrying Amount</u>	<u>Market Value</u>
Insured or registered for which the securities are held by the Township Board's agent in the Township Board's name		
Money Market Funds	<u>\$ 454,602</u>	<u>\$ 454,602</u>

The amounts referred to above have been reported in either the cash and cash equivalents or investments captions on the combined balance sheet, based upon criteria disclosed in Note B. The following summarizes the categorization of these amounts as of March 31, 2004:

Cash and cash equivalents	\$ 1,277,794
Investments	<u>5,770</u>
	<u>\$ 1,283,564</u>

The cash and cash equivalents caption on the combined balance sheet includes \$196 in petty cash.

Township of Williamstown

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

March 31, 2004

NOTE D: INTERFUND RECEIVABLES AND PAYABLES

The amount of interfund receivables and payables at March 31, 2004, are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
General Current Tax Collections	\$ <u>167,523</u>	Trust and Agency Current Tax Collections General	\$ <u>167,523</u>

NOTE E: FIXED ASSETS

A summary of changes in general fixed assets follows:

	<u>Balance April 1, 2003</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance March 31, 2004</u>
Land and Buildings	\$ 755,234	\$ 433,754	\$ -	\$ 1,188,988
Equipment	<u>143,218</u>	<u>45,902</u>	<u>18,751</u>	<u>170,369</u>
	<u>\$ 898,452</u>	<u>\$ 479,656</u>	<u>\$ 18,751</u>	<u>\$ 1,359,357</u>

NOTE F: LONG-TERM DEBT

The following is a summary of changes in long-term debt (including current portions) of the Township for the year ended March 31, 2003:

	<u>Balance April 1, 2003</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance March 31, 2004</u>
General Long-Term Debt				
Capital lease	\$ -	\$ 39,801	\$ 9,195	\$ 30,606

Significant details regarding outstanding long-term debt (including current portions) are presented below.

Capital Lease

The Township has entered into a lease purchase agreement, under act 99 PA of 1933, as amended, to finance the acquisition of office equipment. The liability for the office equipment is recorded in the General Long-Term Debt Account Group. The cost of the office equipment acquired under the lease purchase agreement amounted to \$39,801. This capital lease has been recorded at the present value of the future minimum lease payments as of the date of its inception. This lease qualifies as a capital lease for accounting purposes because substantially all of the benefits and risks inherent in the ownership of the property rests with the Township.

Commitments under this lease agreement provide for the minimum annual payments as follows:

<u>Year Ending March 31,</u>	<u>Office Equipment</u>
2005	\$ 13,267
2006	13,267
2007	<u>4,072</u>
Present value of minimum lease payments	<u>\$ 30,606</u>

Township of Williamstown

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

March 31, 2004

NOTE G: DEFERRED COMPENSATION PLAN

The Township of Williamstown offers its employees a deferred compensation plan sponsored by the Valic Financial Advisors and the Invesco Funds Group, Inc., created in accordance with IRC Section #457. The plan, available to all Township employees, permits them to defer a portion of their current salary until future years. Employees who elect not to defer a minimum of \$100 of their current salary are deemed ineligible by the Valic Financial Advisors. Those employees who defer less than \$100 invest in the Invesco Funds Group, Inc. The deferred compensation is not available to the employees until termination, retirement, death, or unforeseeable emergency.

Legislative change has been made to 457 plans which mandates that by no later than January 1, 1999, all existing 457 plan assets must be held in a custodial account, trust, or annuity contract for the benefit of participants and their beneficiaries.

Once a trust, custodial account, or annuity contract exists, assets are owned or held by the trust, custodian, or insurer for the exclusive benefit of participants and beneficiaries, and are not subject to the claims of public employees creditors nor can they be used by the public employee for any purpose other than the payment of benefits to these individuals participating in the plan or their designated beneficiaries. Valic Financial Advisors and the Invesco Funds Group, Inc. elected to implement compliance with the new requirement effective January 1, 1997. The plan assets previously maintained in an Agency Fund are no longer reported by the Township because the new legislation has eliminated the requirements that Section 457 plan assets legally remain the assets of the sponsoring government.

NOTE H: FUND BALANCE DESIGNATIONS

Designated fund balance indicates that portion of the fund balance that the Township has set aside for specific purposes. The following are the fund balance designations as of March 31, 2004:

General Fund	
Designated for subsequent year's expenditures	\$ 55,594
Designated for pool commitment	<u>30,000</u>
	<u>85,594</u>
Special Revenue	
Cemetery	
Designated for subsequent year's expenditures	<u>17,970</u>
	<u>\$ 103,564</u>

NOTE I: INTERGOVERNMENTAL AGREEMENTS

Pursuant to the provisions of Act 35 of Public Acts of 1951, the Township of Williamstown and the City of Williamston entered into a joint intergovernmental agreement on August 27, 1979. The purpose was to provide for the collection and disposal of wastewater originating in the Township.

The Township paid for the construction of the sewers and had owned them until June 2000. The City agreed to treat 71,400 gallons of sanitary sewage daily and was able to bill and collect for the services it provided. Any routine maintenance was the responsibility of the City. However, the Township agreed to share in any reconstruction or major repairs to the system.

The cost of the original construction in the Township was approximately \$835,000. After Federal and State contributions, the Township borrowed \$300,000 and established a special assessment district to finance the payback. The liability has since been paid in full.

Township of Williamstown

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

March 31, 2004

NOTE I: INTERGOVERNMENTAL AGREEMENTS - CONTINUED

On August 11, 1987, the Township and the City added an addendum to the original agreement outlining compensation due to the City for major improvements made to the system. The Township agreed to pay 11% of the principal and interest on the \$2,600,000 1987 General Obligation Bonds issued by the City to finance the venture. The Township received credit for the debt service portion of sewer revenues the City received from the Township residents. The net payment was then financed by the General Fund.

On April 22, 1999, the Township and the City executed a settlement agreement effective April 22, 1999, which amended certain provisions of the agreement dated August 27, 1979, and amended on August 11, 1987. The settlement agreement released and discharged the Township from further debt service obligations related to the original agreement.

Pursuant to the provisions of Act 425 of Public Acts of 1984, the Township of Williamstown and the City of Williamston entered into an agreement in June 2000 to conditionally transfer property from the Township to the City in order to provide improvements including water and sanitary sewer, leaf pickup, street maintenance and repair, and storm water drainage to the transferred area. All taxes within the transferred area are to be levied and collected by the Township at normal Township millage rates. In return for the services provided to the transferred area, the Township shall pay to the City \$1,879 annually, adjusted annually by the rate of inflation set by the Consumer Price Index, not to exceed five percent in any one year and the City shall pay the Township a portion of their State revenue sharing received based on single family units within the transferred area. The term of this agreement is for fifty (50) years and may be renewed for an additional fifty (50) years with both municipal governments' written agreement.

NOTE J: RISK MANAGEMENT

The Township is exposed to various risks of loss including employee bonding, general liability, public official liability, property, auto, and workers' compensation for which the Township carries commercial insurance.

NOTE K: COMMITMENTS

The Township entered into an agreement on July 19, 1996 with Williamston Community Schools whereby the Township agrees to pay the Schools \$10,000 per year for ten (10) years in exchange for use of the School's pool facility by Township residents. As of March 31, 2004, the Township has outstanding commitment to the Schools of \$40,000.

Township of Williamstown
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
March 31, 2004

NOTE L: GASB STATEMENT NO. 34

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments (Statement). Certain of the significant changes in the Statement include the following:

For the first time the financial statements will include:

- A Management Discussion and Analysis (MD&A) section providing an analysis of the Township's overall financial position and results of operations.
- Financial statements prepared using full accrual accounting for all of the Township's activities, including reporting infrastructure assets (roads, bridges, etc.).
- A change in the fund financial statements to focus on the major funds.

The general provisions of GASB Statement No. 34 must be implemented by the Township of Williamstown no later than the fiscal year ending March 31, 2005; the retroactive reporting of infrastructures, if any, is optional to be implemented no later than the year ending March 31, 2009.

SUPPLEMENTAL FINANCIAL INFORMATION

Township of Williamstown

General Fund

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL

Year Ended March 31, 2004

With Actual Amounts for the Year Ended March 31, 2003

	Amended Budget	2004 Actual	Variance Favorable (Unfavorable)	2003 Actual
REVENUES				
Taxes				
Current tax levy	\$ 156,000	\$ 169,097	\$ 13,097	\$ 157,563
Trailer tax	300	238	(62)	326
Penalties and interest	1,400	95	(1,305)	6,267
Total taxes	157,700	169,430	11,730	164,156
Licenses and permits				
Cable television license	15,000	17,016	2,016	15,734
Building permits	45,000	50,643	5,643	32,313
Total licenses and permits	60,000	67,659	7,659	48,047
Intergovernmental				
State				
Sales and use tax	355,070	328,091	(26,979)	354,142
Summer tax reimbursement	5,500	5,812	312	-
Total intergovernmental	360,570	333,903	(26,667)	354,142
Charges for services				
Planning fees	22,000	18,194	(3,806)	15,920
Copies	900	1,115	215	1,094
Other	600	433	(167)	2,396
Total charges for services	23,500	19,742	(3,758)	19,410
Interest and rents				
Interest	22,000	17,054	(4,946)	27,144
Rentals	1,000	1,950	950	2,325
Total interest and rents	23,000	19,004	(3,996)	29,469
Special assessments				
Woodview lighting	3,900	112	(3,788)	3,340
Rodeo trail and Meadowdale lighting	1,606	95	(1,511)	1,595
Total special assessments	5,506	207	(5,299)	4,935
Other				
Other	4,000	2,797	(1,203)	2,173
Refunds and rebates	-	1,201	1,201	-
Donations	-	378	378	7,680
Total other	4,000	4,376	376	9,853
TOTAL REVENUES	634,276	614,321	(19,955)	630,012

Township of Williamstown

General Fund

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - CONTINUED

Year Ended March 31, 2004
With Actual Amounts for the Year Ended March 31, 2003

	Amended Budget	2004 Actual	Variance Favorable (Unfavorable)	2003 Actual
EXPENDITURES				
General government				
Township Board				
Per diem	\$ 11,400	\$ 13,205	\$ (1,805)	\$ 10,820
Accounting and audit fees	5,100	5,325	(225)	5,200
Legal fees	35,000	31,516	3,484	16,626
Insurance	7,000	6,169	831	3,970
Memberships	500	275	225	-
PA 425 allocation	1,879	-	1,879	-
Total township board	60,879	56,490	4,389	36,616
Supervisor				
Salary	21,000	21,000	-0-	21,000
Deputy salary	7,680	600	7,080	985
Education	700	1,785	(1,085)	319
Total supervisor	29,380	23,385	5,995	22,304
Clerk				
Salary	20,448	20,504	(56)	20,448
Deputy clerk	6,810	7,391	(581)	6,790
Recording secretary	1,092	1,502	(410)	806
Education and memberships	1,310	1,129	181	820
Total clerk	29,660	30,526	(866)	28,864
Board of review				
Salaries	2,000	770	1,230	950
Education and memberships	200	-	200	-
Total board of review	2,200	770	1,430	950
Treasurer				
Salary	20,448	20,448	-0-	20,448
Deputy treasurer	8,000	5,239	2,761	4,564
Education and memberships	1,100	790	310	936
Total treasurer	29,548	26,477	3,071	25,948
Assessor				
Salaries	21,000	21,000	-0-	21,843
Publications and education	1,200	2,129	(929)	1,552
Memberships	300	205	95	220
Outside assessor	10,000	11,522	(1,522)	12,302
Tax services	1,500	103	1,397	-
Reassessment	6,000	3,929	2,071	314
Total assessor	40,000	38,888	1,112	36,231

Township of Williamstown

General Fund

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - CONTINUED

Year Ended March 31, 2004
With Actual Amounts for the Year Ended March 31, 2003

	Amended Budget	2004 Actual	Variance Favorable (Unfavorable)	2003 Actual
EXPENDITURES - CONTINUED				
General government - continued				
Elections				
Salary	\$ -	\$ 2,873	\$ (2,873)	\$ 6,599
Publications and education	100	110	(10)	86
Other	5,000	1,335	3,665	4,109
Total elections	5,100	4,318	782	10,794
Buildings and grounds				
Cleaning supplies	500	167	333	463
Janitorial services	5,000	12,583	(7,583)	4,881
Maintenance services	4,000	2,543	1,457	5,720
Insurance	9,000	10,062	(1,062)	11,653
Utilities	12,000	14,180	(2,180)	10,119
Maintenance/repairs	2,000	1,644	356	421
Site improvements	1,000	543	457	18,398
Renovation	548,311	461,185	87,126	-
Capital outlay	10,825	1,883	8,942	-
Total buildings and grounds	592,636	504,790	87,846	51,655
Cable commission	1,301	-	1,301	-
Board of appeals	2,600	2,535	65	650
Township office				
Secretary salary	27,500	30,015	(2,515)	24,833
Temporary help	3,000	5,682	(2,682)	2,092
Office supplies	7,000	7,704	(704)	7,263
Postage and publishing	12,000	11,402	598	8,002
Utilities	3,500	3,642	(142)	3,507
Equipment maintenance	5,500	6,142	(642)	5,023
Miscellaneous	1,100	2,003	(903)	902
Dues and memberships	4,000	3,858	142	3,922
Refunds	-	2,852	(2,852)	1,170
Capital outlay	7,000	19,448	(12,448)	7,455
Total township office	70,600	92,748	(22,148)	64,169
Total general government	863,904	780,927	82,977	278,181

Township of Williamstown

General Fund

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - CONTINUED

Year Ended March 31, 2004
With Actual Amounts for the Year Ended March 31, 2003

	Amended Budget	2004 Actual	Variance Favorable (Unfavorable)	2003 Actual
EXPENDITURES - CONTINUED				
Public safety				
Building inspection				
Per diem	\$ 32,220	\$ 31,350	\$ 870	\$ 39,866
Supplies	980	299	681	405
Total public safety	33,200	31,649	1,551	40,271
Public works				
Road improvements and maintenance	30,000	23,657	6,343	262,599
Drains at large	13,000	-	13,000	5,707
Contracted services	5,000	-	5,000	-
Recycling/transfer station	4,800	2,541	2,259	4,580
Total public works	52,800	26,198	26,602	272,886
Community and economic development				
Planning commission				
Commissioners' salaries	11,000	10,244	756	7,190
Ordinance system consultants	33,000	36,892	(3,892)	23,768
Planning assistant's salaries	8,200	8,299	(99)	8,378
Secretary salary	1,700	1,092	608	984
Education and travel	1,000	49	951	24
Memberships	550	550	-0-	550
Refunds	-	-	-0-	386
Other	-	367	(367)	-
Total planning commission	55,450	57,493	(2,043)	41,280
Zoning administrator				
Per diem	6,000	1,660	4,340	550
Supplies	1,500	-	1,500	-
Miscellaneous	200	-	200	-
Total zoning administrator	7,700	1,660	6,040	550
Total community and economic development	63,150	59,153	3,997	41,830

Township of Williamstown

General Fund

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - CONTINUED

Year Ended March 31, 2004
With Actual Amounts for the Year Ended March 31, 2003

	Amended Budget	2004 Actual	Variance Favorable (Unfavorable)	2003 Actual
EXPENDITURES - CONTINUED				
Recreational and cultural				
Red Cedar Association	\$ 8,000	\$ 7,580	\$ 420	\$ 8,730
Park land maintenance	25,000	21,148	3,852	18,522
Pool appropriations	10,000	10,000	-0-	10,000
Total recreation and cultural	43,000	38,728	4,272	37,252
Other				
Employee insurance	400	-	400	-
Payroll taxes	9,000	11,102	(2,102)	10,838
Pension plan	7,000	2,895	4,105	2,465
Unemployment	25	44	(19)	16
Miscellaneous	1,500	955	545	4,458
Contingency	15,175	-	15,175	-
Total other	33,100	14,996	18,104	17,777
TOTAL EXPENDITURES	1,089,154	951,651	137,503	688,197
EXCESS OF REVENUES (UNDER) EXPENDITURES	(454,878)	(337,330)	117,548	(58,185)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	97,375	97,375	-
Operating transfers out	(24,000)	(27,000)	(3,000)	(47,041)
TOTAL OTHER FINANCING SOURCES (USES)	(24,000)	70,375	94,375	(47,041)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES (UNDER) EXPENDITURES AND OTHER FINANCING USES	(478,878)	(266,955)	211,923	(105,226)
Fund balance, beginning of year	1,387,235	1,387,235	-0-	1,492,461
Fund balance, end of year	\$ 908,357	\$ 1,120,280	\$ 211,923	\$ 1,387,235

Township of Williamstown

General Fund

SCHEDULE OF REVENUES AND EXPENDITURES - CONSTRUCTION CODE

Year Ended March 31, 2004

REVENUES

Licenses and permits	
Building permits	\$ 50,643
Charges for services	
Planning fees	<u>18,194</u>
Total construction code revenues	68,837

EXPENDITURES

Public safety	
Building inspection	
Per diem	31,350
Supplies	<u>299</u>
Total building inspection	31,649

Community and economic development

Zoning administrator	
Per diem	1,660

Planning commission

Commissioners' salaries	10,244
Ordinance system consultants	36,892
Planning assistant's salaries	8,299
Secretary salary	1,092
Education and travel	49
Memberships	550
Refunds	<u>367</u>

Total planning commission	57,493
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Total community and economic development	<u>59,153</u>
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Total construction code expenditures	<u>90,802</u>
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Excess of revenues (under) expenditures	<u>\$ (21,965)</u>
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Township of Williamstown

Special Revenue Fund

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL

Year Ended March 31, 2004
With Actual Amounts for the Year Ended March 31, 2003

	<u>Cemetery</u>			
	<u>Budget</u>	<u>2004 Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>2003 Actual</u>
REVENUES				
Intergovernmental				
Local				
Contributions	\$ 36,000	\$ 13,000	\$ (23,000)	\$ 6,000
Charges for services				
Plot sales	13,700	10,700	(3,000)	-
Foundations	3,700	1,487	(2,213)	3,378
Burials	12,600	13,100	500	25,860
Total charges for services	30,000	25,287	(4,713)	29,238
Interest	2,000	19,231	17,231	2,691
Other	-	400	400	720
TOTAL REVENUES	68,000	57,918	(10,082)	38,649
EXPENDITURES				
General government				
Salaries	39,120	38,227	893	51,596
Fringe benefits	1,700	4,419	(2,719)	5,062
Contracted services	4,150	4,508	(358)	16,839
Repairs and maintenance	8,100	2,976	5,124	6,488
Capital outlay	4,500	4,227	273	20,041
Other	2,550	2,900	(350)	15,894
TOTAL EXPENDITURES	60,120	57,257	2,863	115,920
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	7,880	661	(7,219)	(77,271)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	27,000	27,000	47,041
Loss on investments	-	-	-	(35,661)
TOTAL OTHER FINANCING SOURCES (USES)	-0-	27,000	27,000	11,380
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	7,880	27,661	19,781	(65,891)
Fund balance, beginning of year	119,687	119,687	-0-	185,578
Fund balance, end of year	\$ 127,567	\$ 147,348	\$ 19,781	\$ 119,687

Township of Williamstown

Capital Projects - Public Improvement

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

Year Ended March 31, 2004

With Actual Amounts for the Year Ended March 31, 2003

	2004 Actual	2003 Actual
REVENUES		
Interest	\$ 412	\$ 1,383
EXPENDITURES	-	-
EXCESS OF REVENUES OVER EXPENDITURES	412	1,383
OTHER FINANCING USES		
Operating transfer out	(97,375)	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(96,963)	1,383
Fund balances, beginning of year	96,963	95,580
Fund balances, end of year	\$ -0-	\$ 96,963

Township of Williamstown

Agency Funds

COMBINING BALANCE SHEET

March 31, 2004

	Trust and Agency	Current Tax Collections	Total
ASSETS			
Cash	<u>\$ 483</u>	<u>\$ 167,523</u>	<u>\$ 168,006</u>
LIABILITIES			
Due to other funds	\$ -	\$ 167,523	\$ 167,523
Due to individuals and others	<u>483</u>	<u>-</u>	<u>483</u>
TOTAL LIABILITIES	<u>\$ 483</u>	<u>\$ 167,523</u>	<u>\$ 168,006</u>

Township of Williamstown

Agency Funds

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

Year Ended March 31, 2004

Trust and Agency Fund

	Balance Apr. 1, 2003	Additions	Deductions	Balance Mar. 31, 2004
ASSETS				
Cash	\$ 3,490	\$ 5,047	\$ 8,054	\$ 483
LIABILITIES				
Due to other funds	-	320	320	-0-
Due to other governmental units				
County	-	1,972	1,972	-0-
Schools				
Williamston	-	1,925	1,925	-0-
Intermediate	-	462	462	-0-
Lansing Community College	-	295	295	-0-
NIESA	-	73	73	-0-
Undistributed	3,490	-	3,007	483
TOTAL LIABILITIES	\$ 3,490	\$ 5,047	\$ 8,054	\$ 483

Current Tax Collections Fund

	Balance Apr. 1, 2003	Additions	Deductions	Balance Mar. 31, 2004
ASSETS				
Cash	\$ 2,844	\$ 6,599,811	\$ 6,435,132	\$ 167,523
LIABILITIES				
Due to other governmental units				
Schools				
Williamston	-	1,197,484	1,197,484	-0-
Haslett	-	271,461	271,461	-0-
Okemos	-	124,288	124,288	-0-
Perry	-	79,639	79,639	-0-
Intermediate Schools	-	1,033,341	1,033,341	-0-
Lansing Community College	-	657,752	657,752	-0-
County	-	2,828,631	2,828,631	-0-
NIESA	-	220,847	220,847	-0-
Due to other funds				
General	2,844	169,181	4,502	167,523
Due to others	-	17,188	17,188	-0-
TOTAL LIABILITIES	\$ 2,844	\$ 6,599,812	\$ 6,435,133	\$ 167,523

Township of Williamstown
STATEMENT OF GENERAL FIXED ASSETS
Year Ended March 31, 2004

ASSETS

Land and land improvements	\$ 525,576
Buildings	663,412
Voting machines	5,942
Office equipment	111,839
Furniture and fixtures	<u>52,588</u>

TOTAL ASSETS	<u><u>\$1,359,357</u></u>
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INVESTMENT IN GENERAL FIXED ASSETS	<u><u>\$1,359,357</u></u>
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Principals

Dale J. Abraham, CPA
Michael T. Gaffney, CPA
Steven R. Kirinovic, CPA
Aaron M. Stevens, CPA
Eric J. Glashouwer, CPA



ABRAHAM & GAFFNEY, P.C.

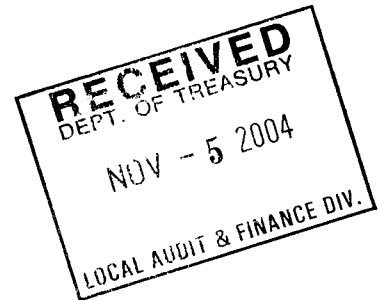
Certified Public Accountants

MANAGEMENT LETTER

Member:
American Institute of Certified
Public Accountants
and
Michigan Association of
Certified Public Accountants

Karen A. Roka, CPA
James A. Huguelet, CPA
Alan D. Panter, CPA
William I. Tucker IV, CPA
Kurt M. Lemmen, CPA

To the Members of the Township Board
Township of Williamstown
Williamston, Michigan



Dear Ladies/Gentlemen:

As you know, we have recently completed our audit of the records of the Township of Williamstown, Michigan, as of and for the year ended March 31, 2004. In connection with the audit we feel that certain changes in your accounting and administrative procedures would be helpful in improving management's control and the operational efficiency of the accounting and administrative functions. These suggestions are a result of our evaluation of the internal control structure and our discussions with management.

1. The Township should assure all applicable personnel issues are documented.

During our testing of the payroll process we noted that three (3) of the five (5) transactions tested did not have pay rates that were specifically authorized detailing the breakdown of each employee's individual pay rate.

We suggest that payroll records be reviewed and that all wage rates be specifically approved by the Board and documented in the minutes, or an approved employment agreement be placed in each individual's personnel file.

2. The Township should assure that the approvals of expenditures are specifically documented in the Board minutes.

During our review of the board minutes, we noted that the minutes do not document the approval of expenditures by noting the range of checks being approved or the total value of invoices to be paid.

We suggest that the Township present all checks to the Board prior to disbursement, and that invoices to be paid are approved by the Board by indicating the range of check numbers and total value to be paid.

3. The Township should adopt an electronic transactions resolution.

During our analysis of internal controls, it was noted that the Board has not implemented a written electronic transaction resolution as required by Michigan Compiled Law. Public Act 738 of 2002 requires that local units of government that utilize electronic transactions adopt a written Electronic Transaction Resolution.

We suggest the Board prepare a formal electronic transaction resolution that complies with the compiled law and adopt it through Board action as soon as possible.

4. Procedures should be put in place to assure accurate preparation and retention of payroll reports.

During the course of our audit, we were unable to reconcile the four Employer's Quarterly Federal Tax Return (IRS Form 941) for the fiscal year ended March 31, 2004, to the applicable payroll expenditure general ledger line items because the Township was not able to locate the quarterly forms. We also noted correspondence received from the Internal Revenue Service indicating that reports had not been filed in a timely manner.

We suggest the Township review the policies and procedures related to the preparation of the IRS Form 941 to assure all the returns are accurate, filed on a timely basis, reconcile with the general ledger, and retained for subsequent review and audit.

5. The Township should take physical inventory of their general fixed assets.

During our analysis of general fixed assets activity for the year and through discussions with management related to general fixed assets, we noted that although the Township has maintained historical cost information for general fixed assets on a year-to-year basis, a detailed record of general fixed asset balances by governmental function has not been maintained by the Township.

The Township is required to implement GASB Statement No. 34 no later than fiscal year ending March 31, 2005, which will require government-wide financial statements prepared on the full accrual basis of accounting. Under the full accrual basis of accounting, capital assets are depreciated over their estimated useful lives. To the extent possible, the depreciation expense should be allocated to the appropriate function of the government.

We suggest the Township inventory their capital assets, determine historical cost or estimated historical cost, and estimated useful lives of those capital assets. Such information should then be used to calculate accumulated depreciation for the capital assets through March 31, 2004. Compiling this data related to the Township's capital assets will not only facilitate the implementation of GASB Statement No. 34, it will also increase your internal control over capital assets and lessen the risk of misappropriation of assets.

6. The Township should remit property tax collections to the General Fund in a timely manner.

During our analysis of property tax revenue, we noted that the Township had not disbursed property tax collections to the General Fund as of March 31, 2004. State law calls for disbursement of all amounts collected with 10 days after the first and fifteenth day of each month and that final distribution to all units should not be later than April 1. A similar timeframe for distributions to the Townships General Fund should also be utilized.

We suggest that the Township review their property tax disbursement procedures and remit future collections for general operating purposes to the General Fund in a timely manner.

These conditions were considered in determining the nature, timing, and extent of the audit tests to be applied in our audit of the general purpose financial statements, and this report does not affect our report on the financial statements dated September 16, 2004.

This report is intended solely for the information of management and the Members of the Township Board of the Township of Williamstown and is not intended to be and should not be used by anyone other than these specified parties.

We wish to express our appreciation for the courtesy and cooperation extended to us during our audit. We are available to discuss any or all of these suggestions with you and to provide assistance in the implementation of improvements.

Abraham & Gaffney, P.C.

ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

September 16, 2004

Principals

Dale J. Abraham, CPA
Michael T. Gaffney, CPA
Steven R. Kirinovic, CPA
Aaron M. Stevens, CPA
Eric J. Glashouwer, CPA

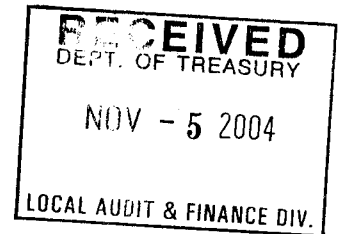
Karen A. Roka, CPA
James A. Huguelet, CPA
Alan D. Panter, CPA
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Michigan Association of
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REPORT ON INTERNAL CONTROL



To the Members of the Township Board
Township of Williamstown
Williamston, Michigan

We have audited the general purpose financial statements of Township of Williamstown as of and for the year ended March 31, 2004, and have issued our report thereon dated September 16, 2004.

In planning and performing our audit of the general purpose financial statements of Township of Williamstown for the year ended March 31, 2004, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control.

The management of Township of Williamstown is responsible for establishing and maintaining an internal control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control policies and procedures. The objectives of an internal control are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of the general purpose financial statements in accordance with another comprehensive basis of accounting. Because of inherent limitations in any internal control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

However, we noted a certain item involving the internal control and its operation that we consider to be a reportable condition under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements.

RECONCILIATIONS OF BANK ACCOUNTS

During our analysis of the Township's cash accounts, we noted that the general fund bank statement had not been reconciled with the general ledger on a timely basis. We also noted that one bank reconciliation that had been prepared identified checks as being outstanding that had cleared on previous bank statements. As a result the reconciliation did not properly reconcile to the general ledger.

We recommend the Township assure that reconciliations are prepared on a monthly basis for all bank accounts and that the reconciliations be performed in a timely manner. All differences should be researched and identified and any adjustments should be recorded in the general ledger in a timely manner.

A material weakness is a condition in which the design or operation of one (1) or more of the internal control elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, the reportable condition referred to above is not believed to be a material weakness.

This report is intended solely for the use of management and the Township Board, and is not intended to be and should not be used by anyone other than these specified parties.

Abraham & Gaffney, P.C.

ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

September 16, 2004